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The Syrian Reconstruction Question, Issues and Dynamics

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INTRODUCTION

The initial objectives of the popular uprising in Syria in March 2011, for more democracy, social justice and equality, have never seemed so distant.

The various diplomatic negotiations, from Geneva to Sochi and even Astana, seek to endorse a process that supports the Damascus regime. Moreover, President Emmanuel Macron declared in mid-December 2017, that he intended to work to “achieve peace” in Syria, without excluding Bashar al-Assad from the process...¹

What is happening on the ground? Bashar al-Assad’s regime is in a strong position, increasing his victories, supported by his Russian and Iranian allies as well as Hezbollah.

For their part, the jihadists of the Islamic State (IS) have lost a large majority of the towns and urban centers that they occupied in Syria and Iraq. With the loss of Raqqa last October, IS has since controlled only 10% of territory in Syria, compared to 33% at the beginning of 2017.² Only a few isolated regional borders between Iraq and Syria have remained under their control, as well as a few pockets of Syrian territory.

Within this context, the question of reconstruction now arises, including actors with diverse political and economic agendas, even contradictory ones. The cost of Syrian reconstruction is currently estimated between 200 and 300 billion dollars, some even estimate it to be 1000 billion.³

However, for Bashar al-Assad, his inner circle and businessmen linked to his regime, the reconstruction is viewed as a means to consolidate already acquired power, and to once more establish political and economic domination over Syrian society. In order for this to be achieved, the regime is counting on a major reconstruction project, focused on accumulating new capital and eliminating all dissident factions. This process would also strengthen the neoliberal policies of the heavily indebted regime, and its inability to finance the reconstruction.

¹ “Emmanuel Macron promet la victoire contre l’EI en Syrie d’ici deux mois” *RTS*-
<https://www.rts.ch/info/monde/9182080-emmanuel-macron-promet-la-victoire-contre-l-ei-en-syrie-d-ici-deux-mois.html> (searched, December 23 2017).

² “Raqqa en passe d’être remise à une autorité civile”, *L’Orient-le-Jour*,
<https://www.lorientlejour.com/article/1079420/raqqa-en-passe-detre-remise-a-une-autorite-civile.html>
(searched, October 22nd, 2017).

³ “Reconstruction Cost of Syria Is Estimated at \$300 Billion Five Times the 2010 GDP”, FEMISE Conference Interview with Osama Kadi, President of Syrian Economic Task Force, *FEMISE*,
<http://www.femise.org/en/articles-en/reconstruction-cost-of-syria-is-estimated-at-300-billion-five-times-the-2010-gdp-femise-conference-interview-with-osama-kadi-president-of-syrian-economic-task-force/>
(searched, September 20th, 2017).

At the same time, the Syrian regime's allies, particularly Russia and Iran, are the first in line to profit economically from the benefits of reconstruction.

I – Reconstruction, or Consolidating the Regime's Power

I.1 – Decree 66

With regards to reconstruction, Decree 66, which entered into effect in September 2012, allows the government to “*redesign unauthorized or illegal housing areas*”, and replace them with “modern” real estate projects with quality services⁴. According to several estimates, before the popular uprising, close to 30 to 40%, even 50% of the population of these areas lived in housing deemed non-compliant or illegal.⁵ These were primarily working class people, who had migrated from rural areas to these neighborhoods from rural in recent decades.

Initially, the decree promulgated by Bashar al-Assad allowed the governorate of Damas to expel populations from two large areas in Damascus, including Basatin al-Razi, in the district of Mazzeh, where the development of the high-end real estate project of Marota City is under construction. According to the Syrian authorities, this decree sought to ameliorate the living conditions of the inhabitants, by replacing the poorly constructed properties and replacing them with comfortable modern ones.⁶ However, the decree selected two areas that had supported the opposition, while it left intact the areas inhabited by supporters of the regime who experienced the same living conditions.

Decree 66 is also inspired by some aspects of a 2007 Damascus urban plan that had not been implemented because of the beginning of the popular uprisings of March 2011. This area was – and still is – considered an extremely lucrative real estate opportunity: undeveloped agricultural land and informal housing, in some places within walking distance of the center of Damascus.⁷

Under Decree 66, compensations and alternative housing were proposed but have not yet been put in place for the majority of the displaced inhabitants, whilst others, now refugees living outside the country, have received nothing. Another option was cited by

⁴ “Marsum 66...”, *Cham Press*, <http://www.champress.net/index.php?q=ar/Article/view/7769> (searched, August 26th, 2017).

⁵ Goulden, Robert, “Housing, Inequality, and Economic Change in Syria”, *British Journal of Middle Eastern Studies*, volume 38, n° 2 (2011), 188.

⁶ « Mashrû' tanzîm 66 khalf al-râzî... tajruba râ'ida 'ala tarîq îâda al'îmâr – fidû », *SANA* – <https://www.sana.sy/?p=683277> (searched, January 17th, 2018).

⁷ Rollins, Tom, “Decree 66: The Blueprint for Al-Assad's Reconstruction of Syria?”, *IRIN News* – <https://www.irinnews.org/investigations/2017/04/20/decree-66-blueprint-al-assad-s-reconstruction-syria> (searched, May 20th, 2017).

Jamal Youssef, a governorate official, interviewed by the official newspaper al-Baath, which consisted of an offer to purchase a property in Marota City, on preferential terms: former residents would be able to buy their property at the same price, and would benefit from flexible loan conditions.⁸

However, there remains a problem with this last solution. The former residents of Basatin al-Razi are mostly from working or lower middle classes, they cannot afford a property in the new real estate project of Marota City, nor can they easily access bank financing. The governorate authorities are perfectly aware of this issue. In other words, the majority of these former inhabitants will most likely not be compensated in any way, and will not benefit from any other housing, despite the provisions of the law.

By relying on a legal and financial framework dedicated to reconstruction, this decree actually allows the destruction of housing and the expropriation of families considered dissident, or living in anti-Assad areas, who are very often from the working class. It replaces them with higher social classes and new war elites, generally less inclined to challenge the regime.

The neighborhoods of Basatin al-Razi, on the outskirts of Damascus, and the district of Baba Amr in Homs were particularly targeted. The recovery of part of eastern Aleppo in December 2016, by the armed forces of the Syrian regime and its allies is also included in the reconstruction plans. Similarly, the governorate of Damascus is preparing for reconstruction on the other area mentioned by Decree 66, which includes parts of the districts and suburbs of Kafr Sousseh, Daraya and Qadam, all situated on the south and south-west edges of the capital. This area is four times the size of Basatin al-Razi.⁹

1.2 – Favoursing Businessmen Affiliated with the Regime

Since the beginning of January 2017, the Syrian government has been aiming to impose decree 66 on the whole country. This measure also allows the transfer of assets to private enterprises and to businessmen affiliated with the regime, allowing them to benefit from these markets, free of taxation.

By authorizing the destruction and expropriation of large areas, Decree 66 can be used as a useful instrument for rapid and important development projects, which will benefit businessmen close to the regime, while acting as a powerful punitive force against populations opposed to the regime. The development of residential projects would be carried out by holding companies, belonging to governorates or municipalities, but the

⁸ “Syrian Regime Drafting Law to Extend Decree 66 to All of Syria”, The Syria Report, <http://www.syria-report.com/news/real-estate-construction/syrian-regime-drafting-law-extend-decree-66-all-syria> (searched, January 16th, 2018).

⁹ « Mashrû' tanzîm 66 khalf al-râzî... tajruba râ`ida ‘ala tarîq îâda alîmâr – fidîû », *op. cit.*

construction and management of the projects would be entrusted to private sector enterprises, owned by well connected investors.

The implementation of this law in Syria would serve a number of purposes, including serving as a means to put pressure on people living outside the regime's control, threatening to expropriate their properties in their absence; as a source of enrichment for “capitalists” or “nepotists” linked to the regime; and as an earnings prospect to attract capital from various countries, who wish to profit from the reconstruction of Syria.

One of the planned programs would allow for the construction of 12,000 residential units for an estimated 60,000 people, targeting mainly high-income households in Basatin al-Razi neighborhoods, renamed as part of the “Marota City” project. It plans on having schools, restaurants, places of worship, even a multi-storey parking lot and shopping mall. According to Syrian authorities this project would create 110,000 job opportunities and 27,000 permanent jobs.¹⁰

The call for bids for this project was managed by the private holding company, “Damascus Cham,”¹¹ created in 2017 in the governorate of Damascus. The first partnership/ contract was won in September 2017 for a value of 150 billion Syrian pounds (18.9 billion dollars),^{12,13} by the company Aman Group, owned by Samer Foz, who is close to the regime, and a rising figure in business in Syria.

Before the agreement/ contract with the Aman group, the holding company “Damascus Cham” had established a similar joint-venture with the companies Zubaidi and Qalei LLC, owned by Khaled Al-Zubaidi and Nader Qalei, two powerful businessmen from Damascus with links to the regime, and whose company, Castle Investment was rewarded in 2017, by a long term contract for the management of the Ebla Hotel, on the outskirts of Damascus, which is a five star hotel and a conference center.¹⁴

¹⁰ *Ibid.*; “Stages of implementation of al-Razi regulation project area discussed”, SANA – <https://sana.sy/en/?p=121555> (searched, December 30th, 2017) ; Rollins, Tom, “Decree 66: The Blueprint for Al-Assad’s Reconstruction of Syria?”, IRIN News, *op. cit.*

¹¹ “Damascus Sham Holding”, *LinkedIn*, <https://www.linkedin.com/company/damacham/> (searched, November 28th, 2017).

¹² “Tawqî al-’aqd al-îdâfî bayn kul min sharika dimashq al-shâm al-qâbida wa sharika âmân al-qâbida wa shata âmân dimashq al-musâhama al-mighfala al-khâsa bi-qîma istathmârîya bi-hudûd mia wa khamsûn milîyâr lîra sûrîya”, *Damascus Cham*, <http://damacham.sy/العقد-توقيع-الاضافي-شركة-بين-الاضافي> (searched, January 10th, 2018).

¹³ For more details on Samer Foz see, Daher Joseph, « Assad Regime Still Reliant on Fractions of the Sunni Bourgeoisie », *Syria Untold*, <http://www.syriauntold.com/en/2017/12/assad-regime-still-reliant-on-fractions-of-the-sunni-bourgeoisie/> (searched, December 21st, 2017).

¹⁴ “Samer Al-Foz... Alm Naql Sabiqan: Tazkaru al-Isim Jaydan..?!” , *Eqtsad* – <http://www.eqtsad.net/read/17672> (searched, August 20th, 2017) ; “Private Investors to Benefit from Government Investment in Real Estate Project”, *Syria Report*, <http://syria-report.com/news/real-estate-construction/private-investors-benefit-government-investment-real-estate-project> (searched, September 20th, 2017).

Other businessmen have also benefited from lucrative contracts with Damascus Cham Holding, as part of the reconstruction. In early 2018, Kuwait-based businessman Mazen Tarazi, who is active in a variety of industries,¹⁵ established a joint venture with Damascus Cham to build a 120,000 square meter shopping mall, along with six other properties. The estimated value of these investments is 250 million dollars and, according to the disclosed information, Mazen Tarazi will hold 51% of the shares of the joint-venture, while Damascus Cham would own the rest, meaning that the effective control would belong to Mazen Tarazi. He will additionally purchase five other plots, worth an estimated value of 70 million dollars¹⁶.

A few days later, it was the turn of the Talas Group company,¹⁷ owned by businessman Anas Talas, to also sign a partnership contract with Damascus Cham holding, worth an estimated 23 billion Syrian pounds (about 52.7 million dollars) for the construction of four parcels within Marota city, which will be divided into residential and mixed residential-commercial areas. The distribution of investments in this partnership is as follows: Talas group has 25%, worth 5.7 billion Syrian pounds, and the governorate controls the remaining 75%, worth 17.3 billion Syrian pounds.¹⁸

The last two individuals share certain characteristics, including having accumulated wealth in the Gulf and being relatively unknown in Syria before 2011, their primary activity, until recently, not being related to the real estate sector.

Another interesting element: all of these individuals are Sunni, showing once again the multiple strategies of the regime to constitute a diversified popular base, through clientelism, tribalism, confessionalism and other means. This is why reducing this regime to an Alawite identity is not analytically correct, nor does it allow us to understand these dynamics and modes of operation.

¹⁵ In early January 2018, the Civil Syrian Aviation Authority granted a license to an airline company founded by Mazen Tarazi. The latter would hold 85% of the company's shares, his two sons, Khaled and Ali, would hold the rest. The company operating the airline has a capital of 70 million Syrian pounds. Mazen Tarazi has shown his support for the regime several times. In 2014, he allegedly financed the transportation of several Syrians based in Kuwait to Damascus, to vote in the presidential election. In 2015, he was credited by the official Syrian media for "providing financial assistance to the families of the martyrs and wounded of the Syrian army" and for "renovating schools in the suburbs of Homs and Damascus."

¹⁶ « Mâzen al-tarazî, âw al-nisâb al-sûrî.. îsm jadîd yaghzû 'âlam al-nizâm al-mâlî », *Îqtisâd*, <https://www.eqtsad.net/news/article/18780/> (consulté le 10 janvier 2018) ; Abd al-Jalîlî, Mrad « Âsmâ` jadîda li-rijâl â'mâl fî sûrîyyâ.. man warâ` hum? », *Enab Baladi*, <https://www.enabbaladi.net/archives/196755> (searched, January 10th, 2018) ; « Basatin Al-Razi Project Highlights Again Emergence of New Business Figure », *Syria Report*, <http://www.syria-report.com/news/real-estate-construction/basatin-al-razi-project-highlights-again-emergence-new-business-figure> (searched, January 15th, 2017).

¹⁷ The company is primarily active in the production and distribution of food products from its base in the United Arab Emirates. The company has developed its own food brand, Tolido. See http://www.talagroup.com/sections/19_our-founders

¹⁸ "Dimashq al-shâm al-qâbida tuwaqi' 'aqd sharâka ma' sharika talas lil-tijâra wa al-sinâ'a bi-qîma 23 milîyâr lira sûrîya", *Damascus Sham*, *op. cit.* ; "ta'raf 'alîhum.. rijâl â'mâl kibâr yataqâsimûn mashrû' khalf al-râzî", *Îqtisâd*, <https://www.eqtsad.net/news/article/18883/> (searched, January 15th, 2018).

In September 2015, the municipality in Homs approved the reconstruction plan of the predominantly Sunni Baba Amr neighborhood, a hotbed of popular protest against the regime at the beginning of the uprising, until 2014, when the last armed opposition groups left after a blockade of several years by the regime's military forces. In March 2017, the municipality established its own private company to manage this project. The latter includes 465 plots, mainly for housing, as well as green spaces, schools, and hospitals.¹⁹

In many respects, in the city of Homs, the new urban plans reflect those of “Homs Dream”, led by the former governor of Homs, Mohammad Iyad Ghazal, dismissed by Bashar al-Assad at the beginning of the popular uprising in 2011, as a principal of the protests from this time in the city. This project was announced in 2007²⁰ by Mohammad Iyad Ghazal, who envisioned the destruction of certain parts of the city-centre in order to rebuild more modern buildings and skyscrapers. At the time, this urban plan was presented as an opportunity to embrace modernisation and urban improvement, but was rejected by important segments of the local population. For example, the project did not guarantee the residents the right to stay in the neighborhood, which was traditionally middle class. Instead, the municipality had suggested alternative housing in another neighborhood or “financial compensation” raising fears that the master/urban plan would result in some form of gentrification and would prevent residents from returning home.²¹

As in Homs and various suburbs of Damascus, similar projects could be undertaken in Aleppo and other regions. According to an assessment in January 2017,²² of the municipality in Aleppo, more than 50% of the buildings and infrastructure were partially or completely destroyed. Large sections of the population from the neighborhoods of east Aleppo have been forcibly displaced to other regions, or left as a result of the war.

Furthermore, of the 15 “priority zones” put forward by the Syrian government for reconstruction, eight are not located in eastern Aleppo. To the contrary, the priority areas were the districts to the west and the center of the city, which did not suffer the

¹⁹ Rollins, Tom “Decree 66: The Blueprint for Al-Assad’s Reconstruction of Syria?”, *IRIN News*, *op. cit.*

²⁰ “Waqâ`i` al-mu` tamar al-sihafî li-mashrû` hilm homs”, *al-urûba* – <http://ouruba.alwehda.gov.sy/node/209132> (searched, January 5th, 2017).

²¹ Aldeen, Sarah Najm, Syria Untold, Syrian Independent Media Group, “In Homs, Assad Accused of Using Military for Urban Planning Scheme”, *Syria Deeply*, <https://www.newsdeeply.com/syria/articles/2018/01/02/in-homs-assad-accused-of-using-military-for-urban-planning-scheme> (searched, January 5th, 2018); See YouTube for the Homs project Video:https://www.youtube.com/watch?v=Vxof2Ln_y30 (searched January 6th, 2018).

²² “Government Planning to Expand Use of Expropriation Law”, *The Syria Report*, <http://www.syria-report.com/news/real-estate-construction/government-planning-expand-use-expropriation-law> (searched, January 12th, 2017).

same level of destruction as the 52 other neighborhoods in the east, regained by the regime's armed forces and their allies in December 2016.²³

In the same way as in Homs, the reconstruction and restoration of buildings have for the moment prioritized districts historically loyal to the regime, and not the most damaged areas, formerly under the control of the armed opposition.²⁴

The Syrian newspaper, *Sana*, had reported in July 2017 that the government had allocated 25 billion Syrian pounds (48.5 million dollars) worth of contracts to the reconstruction of Aleppo. This figure is only a fraction of the billions of dollars needed for the city's reconstruction, estimated at more than 5 billion dollars and perhaps even tens of billions.²⁵ Following a visit of Syrian Prime minister, Imad Khamis, accompanied by 16 ministers to Aleppo in early January 2018, the Syrian government announced that Aleppo's share in the 2018 budget would be 40 billion Syrian pounds, about 80 million dollars, dedicated to the restoration of destroyed infrastructures and services, and to the reconstruction projects²⁶.

Another city that has suffered massive destruction is Raqqa. More than 80% of the city is destroyed and/or uninhabitable and basic infrastructure is virtually non-existent. As a reminder, in June and September, the fighting killed between 1,300 and 1,800 civilians.²⁷ Between 270,000 and 320,000 people have been displaced because of the fighting and now live in miserable conditions in overpopulated camps on the outskirts of the city. They will not be able to return until the city is cleared of mines and explosives, installed by the IS. Saudi minister of Gulf Affairs, Thamer al-Sabhan, visited Raqqa September 19, after the capture of the city by the Syrian Democratic Forces (an Arab, Kurdish and Assyrian military alliance dominated by the Kurdish YPG militia, military arm of the Democratic Union Party, known as the PYD) supported by the international coalition led by the United States, to meet the civil counsel established six months ago under the

²³ Beals, Emma, "UN allowing Assad government to take lead in rebuilding Aleppo", *Fox News*, <http://www.foxnews.com/world/2017/11/16/un-allowing-assad-government-to-take-lead-in-rebuilding-aleppo.html> (searched, January 8th, 2018).

²⁴ *Ibid.*

²⁵ "25 Billion Syrian Pounds Allocated for Construction Contracts in Aleppo", *SANA* – <http://syrianobserver.com/EN/News/32997> (searched, August 20th, 2017).

²⁶ « Al-bida` bi-tashghîl mahata tahwîl kahrabâ` bustân al-qasr.. al-muhandis khamîs: rasada 60 milîyâr lîra li-îstakmâl tanfîz al-mashârî` al-khadmîya wa al-tanmawîya fî halab », *SANA*, <https://www.sana.sy/?p=687949> (consulté le 16 janvier 2017) ; « Khamîs wa 16 wazîrân fî halab... wa 80 milîyûn dûlâr `ala mada `âm », *Îqtisâd*, <https://www.eqtsad.net/news/article/18831/> (searched, January 13th, 2017).

²⁷ More than 1,000 civilians (1,058) died in the bombings of the US-led coalition, 311 civilians were killed by IS and 191 civilians were killed by the SDS. The IS jihadists also used several civilians as human shields. Oakford, Samule, "More than 1,800 civilians killed overall in defeat of ISIS at Raqqa, say monitors", <https://airwars.org/news/raqqa-capture/> (consulted October 29 2017).

leadership of the FDS and composed of local dignitaries and to discuss the reconstruction of the city. No concrete plan has yet been defined.²⁸

1.3 – Rebuilding to Replace Original Populations

The reconstruction of these areas continues even though 6 million inhabitants have fled the country and about 7.6 million are internally displaced. In 2011, Syria had 22.5 million inhabitants. Today, the population has decreased by about 20%.²⁹

In June 2017, the relief agencies estimated that some 440,000 internally displaced persons had returned home in the first six months of 2017, while only 31,000 Syrian refugees returned from neighboring countries during that same period. Since 2015, some 260,000 refugees have returned to Syria, mainly from Turkey to northern Syria.³⁰

The regime's objective/ idea is thus to replace the original population in these zones, judged as too hostile, with upper middle and upper classes from other neighborhoods, and who are more inclined to support the regime, or to at least not oppose it, as seen previously in the cases of Homs and Damascus. The decree would also threaten to expropriate the dissidents who had fled Syria.

Furthermore, the return of civilians to certain areas can be complicated by the many measures required by the regime's various security institutions. First of all, one must have the necessary documents to access one's destroyed property. Many official property documents were destroyed during the fighting, and electronic copies of real estate documents may not exist. Even those who possess the necessary documents struggle to access their properties. The entry process into areas controlled by the regime often requires entry permits from various branches of security agencies in order to cross checkpoints. This process implies blackmail, bribes, and threats of arrest. If a resident receives security clearance to enter the city, another permit is required to start reconstruction on a destroyed property. Residents are also required to pay electricity, phone, and water bills for the past four years, which can amount to close to 50% of the cost of these goods.³¹

²⁸ "Saudi minister visits north Syria for Raqqa talks", *Reuters*, <https://www.reuters.com/article/us-mideast-crisis-syria-coalition/saudi-minister-visits-north-syria-for-raqqa-talks-idUSKBN1CO2HG> (consulted October 22 2017).

²⁹ Young, Brian "FACTBOX: Syria's Conflict Economy", *Atlantic Council*, 2017, <http://www.atlanticcouncil.org/blogs/syriasource/factbox-syria-s-conflict-economy> (searched, July 26th, 2016).

³⁰ UNHCR, "UNHCR seeing significant returns of internally displaced amid Syria's continuing conflict", <http://www.unhcr.org/en-us/news/briefing/2017/6/595612454/unhcr-seeing-significant-returns-internally-displaced-amid-syrias-continuing.html> (searched, September 20th, 2017).

³¹ Aldeen, Sarah Najm, Syria Untold, Syrian Independent Media Group, "In Homs, Assad Accused of Using Military for Urban Planning Scheme", *Syria Deeply*, <https://www.newsdeeply.com/syria/articles/>

1.4 – Lack of Public Equity

Large real-estate projects are expected to attract foreign capital, crucial for Syrian reconstruction. The investments of public and private actors are in fact insufficient to rebuild the country.

In 2014, the regime became seriously indebted. In 2014 and 2015, the total debt corresponded to respectively 162 and 156% of the GDP for an external debt of 115 and 95%, while in 2010 the total debt was 24% for 17% of external debt.³² The debt increased eleven-fold by the end of 2016, according to the then minister of economy, Adib Mayaleh, without providing any specific figures.³³

The government has become increasingly more dependent on advance payments from the Central Bank,³⁴ in addition to foreign aid, which increased during the war due to very limited tax revenues. Oil revenues, which accounted for a significant portion of the revenue until 2012, were non-existent, while tax revenues had decreased significantly. In 2015, at least one third of public spending was financed by long-term borrowing from the Central Bank of Syria. The national budget for 2017 was 2.6 trillion Syrian pounds (5 billion dollars) and increased slightly in 2018 to reach 3.1 trillion Syrian pounds, an increase of 527 billion Syrian pounds³⁵.

Foreign currency reserves fell sharply, from 21 billion dollars in 2010 to less than one billion (0.7) dollars at the end of 2015.³⁶ Moreover, the public-private partnerships (PPP) depend largely on the financing of banks, whose total assets (14 private sector commercial banks) are too low: at the end of 2016, about 3.5 billion dollars, a figure far from the necessary amount.³⁷

2018/01/02/in-homs-assad-accused-of-using-military-for-urban-planning-scheme (searched, January 5th, 2018).

³² From Foucaud, Isabelle and Plummer, William, “Le désastre de l’économie syrienne après six ans de guerre”, *Le Figaro*, <http://www.lefigaro.fr/economie/le-scan-eco/dessous-chiffres/2017/04/07/29006-2017-0407ARTFIG00242-le-desastre-de-l-economie-syrienne-apres-six-ans-de-guerre.php> (consulted September 20 2017) ; Syrian Centre for Policy Research (SCPR), *Syria Confronting Fragmentation! Impact of Syrian Crisis Report*, 2016 – <https://www.ara.cat/2016/02/11/1520927894.pdf?hash=3a186be3bc9bfb70d11f0241fd49d847f7f0042>.

³³ « Report Highlights Government Dependency on Central Bank Funding and Limited Forex Disbursements », *The Syria Report*, <http://www.syria-report.com/news/finance/report-highlights-government-dependency-central-bank-funding-and-limited-forex-disburse> (searched, October 30th, 2017).

³⁴ Cochrane, Paul, “Après la guerre, qui financera la reconstruction de la Syrie ?”, *Middle East Eye*, <http://www.middleeasteye.net/fr/reportages/apr-s-la-guerre-qui-financera-la-reconstruction-de-la-syrie-633512121> (searched, December 10th, 2017).

³⁵ « Cabinet Approves 3 Trillion Syrian Pounds for 2018 General Budget », *SANA*, http://syrianobserver.com/EN/News/33428/Cabinet_Approves_Trillion_Syrian_Pounds_2_General_Budget (searched January 16th, 2018).

³⁶ From Foucaud, Isabelle and Plummer, William, “ Le désastre de l’économie syrienne après six ans de guerre”, *op. cit.*

³⁷ “Syrian Banks Unable to Finance Reconstruction”, *The Syria Report*, October 30th, 2017, <http://www.syria-report.com/news/finance/syrian-banks-unable-finance-reconstruction>.

1.5 – Rewarding Allies

The reconstruction of the country would thus be a means of rewarding the regime's allies, especially Iran, Russia, and China, by granting them market shares. Already, certain markets, such as the phosphate mines and the oil and gas fields have been awarded to Moscow and Tehran.³⁸

After the pro-regime forces recaptured East Aleppo in December 2016, Aleppo governor, Hossein Diyab, said Iran would “play an important role in the reconstruction efforts in Syria, especially in Aleppo.” The Iranian Reconstruction authority announced in March 2017, the renovation of 55 schools in the province of Aleppo.³⁹ Iran also had the biggest presence at the Damascus International Trade Fair in the summer of 2017 with more than 40 participating Iranian businesses.⁴⁰

In October 2015, a Russian delegation visited Damascus and announced that Russian companies would play a leading role in the post-war reconstruction of Syria. Agreements worth at least 850 million euros have emerged from these negotiations. Following a Russian parliamentary visit to Syria in November 2016, Syrian Foreign Minister, Walid Mouallem, would have promised Russian companies priority in Syrian reconstruction.⁴¹ In mid-December 2017, a Russian delegation of directors of big Russian companies headed by Russian Deputy Prime Minister Dmitri Rogozine was again in Damascus for discussions with Bashar al-Assad on investments in and reconstruction of war-time Syria. He mentioned “major economic projects”, including “on oil, gas, phosphate, electricity, and petrochemical industries”, as well as on transport and commerce.⁴²

The Chinese government is also actively involved. In early August 2017, it organized a trade fair on Syrian reconstruction projects, during which a group of Sino-Arab companies announced a 2 billion dollar government commitment for construction of industrial parks in Syria.⁴³ The Vice President of the China-Arab Exchange Association, Qin Yong, estimated in December 2017 investments in Syria of similar value and

³⁸ Yazigi, Jihad, “Opinion: No Reconstruction for Syria”, *Al-Hayat* – http://syrianobserver.com/EN/Commentary/33567/Opinion_No_Reconstruction_Syria/ (searched, December 5th, 2017).

³⁹ Schneider, Tobias “Aleppo’s Warlords and Post-War Reconstruction”, *Middle East Institute* – <http://www.mei.edu/content/article/growing-warlordism-battle-scarred-aleppo> (searched, June 17th, 2017).

⁴⁰ Heydemann, Steven “Rules for Reconstruction in Syria”, *Brooking* – <https://www.brookings.edu/blog/markaz/2017/08/24/rules-for-reconstruction-in-syria/> (searched, August 25th, 2017).

⁴¹ Hauer, Neil “To the Victors, the Ruins: the Challenges of Russia’s Reconstruction in Syria”, *Open Democracy* – <https://www.opendemocracy.net/od-russia/neil-hauer/to-victors-ruins-challenges-of-russia-s-reconstruction-in-syria> (searched, August 20th, 2017).

⁴² “Syrie: “de grands projets économiques” évoqués”, *Le Figaro et AFP*, <http://www.lefigaro.fr/flash-eco/2017/12/18/97002-20171218FILWWW00190-syrie-de-grands-projets-economiques-evoques.php> (searched, December 20th, 2017).

⁴³ Heydemann, Steven, « Rules for Reconstruction in Syria », *op. cit.*

explained that the companies he had accompanied to Damascus, Homs and Tartous- including the China National Heavy Duty Truck Company- planned to build roads, bridges, airports and hospitals, and to restore electricity and communications⁴⁴.

Projects could also be awarded to India⁴⁵ and Brazil- a reward for their position rather in favor of Damascus. Egypt has announced its intention to participate in Syrian reconstruction. According to a statement from the Export Council of Building Materials in November 2017, the Egyptian Ministry of Trade and Industry has taken active steps and launched large-scale appeals to Egyptian companies to participate in Syrian reconstruction. Egypt also participated in the International Damascus Fair in August and, according to the Federation Chamber of Egyptian Commerce, 30 Egyptian companies were present to highlight the role of the private Egyptian sector in Syrian reconstruction, A union delegation of Egyptian engineers visited Syria in early 2017 and met with Bashar al-Assad⁴⁶.

The Syrian authorities have also stated that European and American companies will first have to ask their governments to apologize for supporting the opposition before claiming a place in this market.⁴⁷ A similar position has been adopted vis-a-vis Saudi Arabia, Qatar, and Turkey.

In his August 2017 speech, Assad even declared that the regime would not allow its enemies “to accomplish through politics what they did not achieve on the battlefield and through terrorism”,⁴⁸ implicitly referring to Riyadh, Ankara, and Doha.

During a parallel event in New York in September, under the aegis of the United Nations, these countries had declared that support for reconstruction of Syria will depend on a credible political process leading to a genuine political transition- requiring Assad’s departure- and which can be supported by the majority of the Syrian people.⁴⁹

⁴⁴ Abu-Nasr, Donna, Arkhipov, Ilya, Meyer, Henry et Shi, Ting, « China Eyes Role Rebuilding Syria While Putin Spars With West », *Bloomberg*, <https://www.bloomberg.com/news/articles/2017-12-21/china-arrives-in-syria-as-putin-fights-west-over-postwar-cash> (searched, December 28th, 2018).

⁴⁵ “India welcome to play a role in reconstruction of Syria, says Bashar al-Assad”, *The Indian Express*, <http://indianexpress.com/article/world/india-welcome-to-play-a-role-in-reconstruction-of-syria-says-bashar-al-assad-4689007/> (searched, July 20th, 2017).

⁴⁶ Alhaleim, Ahmad Abd, « Egypt eyes extensive role in Syria reconstruction efforts », *Al-Monitor*, <https://www.al-monitor.com/pulse/originals/2018/01/egypt-companies-reconstruction-syria-war.html> (searched January 5th, 2017) ; « waḥd masrī niqâbī fī dimashq », *Ray al-Yawm*, <http://www.raialyoum.com/?p=606807> (searched, December 23th, 2017).

⁴⁷ “Khamis: Investment Opportunities Will Be Given to Countries That Stood by Syria”, *SANA* – <http://sana.sy/en/?p=111457> (searched August 25th, 2017).

⁴⁸ “President al-Assad: Everything related to the destiny and future of Syria is a 100 % Syrian issue, unity of Syrian territory is self-evident and not up for debate”, *SANA*, <https://sana.sy/en/?p=112238> (searched, September 20th, 2017).

⁴⁹ Bayoumy, Yara and Irish, John, “Anti-Assad nations say no to Syria reconstruction until political process on track”, *Reuters*, <https://www.reuters.com/article/us-un-assembly-syria/anti-assad-nations-say-no-to-syria-reconstruction-until-political-process-on-track-idUSKCN1BT1WP> (searched, October 3rd, 2017).

In December 2017, the US Congressional Foreign Affairs Committee unveiled the *No Assistance for Assad* law, which would prevent Donald Trump's administration from using non-humanitarian American aid funds for the reconstruction of Syria in areas controlled by the regime.⁵⁰

It is thus difficult to imagine in the near future a strong involvement of these states in the reconstruction process, except for the financing of small projects in areas beyond the regime's control and without participation or consent of the regime. This is already the case for Turkey in certain areas controlled by its armed forces and its proxies, armed Syrian opposition groups, in the field, for example in Jarablus and al-Bab, and for some Western institutions and states. The latter also provide financial assistance, especially for local governance and the rehabilitation of basic services, to regions under the control of the PYD or certain regions controlled by non-jihadist armed opposition groups. These projects are absolutely isolated and limited and cannot replace a major reconstruction process.

However, changes in the international and regional political scenes can happen quickly, as we have seen many times, therefore it will be necessary to pay attention to various political developments.

1.6 – Insufficient Support

The reconstruction financed by foreign capital remains a delicate subject. Russia and Iran are missing capital to immediately help, while China hesitates to involve itself in such an unstable country.

For Pekin, emerging investments in the country are, as in Africa, confined to a privileged access to natural resources. Syria is relatively weak in primary subjects and they are promised as a priority to Moscow and Tehran.

More than six years after the beginning of the conflict, the socio-economic situation is more catastrophic than ever. Inequalities and authoritarian governments, denounced throughout the Middle East during the popular uprisings in 2010-2011 and which inspired the revolution in Syria, are now more present than ever.

The World Bank estimated in June that about one-third of all buildings and nearly half of all school and hospital buildings in Syria were damaged or destroyed by the conflict, while the economy lost 2.1 million real and potential jobs between 2010 and 2015.

⁵⁰ Harris, Bryant, "Congress uses Syria aid funding as Assad leverage", *Al-Monitor*, <https://www.al-monitor.com/pulse/originals/2017/12/congress-uses-syria-aid-funding-assad-leverage.html> (consulted January 3 2017). Reference from the text H.R. 4681: <https://www.govtrack.us/congress/bills/115/hr4681/text>

Unemployment in 2015 reached 55% and youth unemployment rose from 69% in 2013 to 78% in 2015.⁵¹

The high unemployment rate, the lack of job opportunities, and the elevated cost of living have encouraged sections of the youth who stayed in Syria, to join the army or pro-regime militias, especially when the salary of a militant can sometimes be four times that of a university professor's.⁵²

⁵¹ "Syria at War, Five Years On", ESCWA and University of St Andrews (2016): 28.
<https://www.unescwa.org/sites/www.unescwa.org/files/publications/files/syria-war-five-years.pdf>

⁵² "Fi (Suriya Al-Asad)... Ustaz fi al-Jami'a Yahsul 'ala Ratib Yaqill 'an Rub' Ma Yahsul 'alayhi Muqatil fi Milishiyya Muwaliyyah", *All4Syria*, <http://www.all4syria.info/Archive/404489> (searched, April 27th, 2017).

2 – Other Problems Facing Reconstruction

However, the issue of reconstruction is also linked to the regime's ability to ensure stability in the regions under its control and an investment-friendly business environment. Two elements jeopardize the situation currently: militias and businessmen affiliated with the regime.

2.1 – Militias, Source of Instability

Grievances against militias have become increasingly public in the regime's controlled areas throughout the country, since the beginning of 2017. Militants have been involved in various criminal activities, such as theft, looting, murder, infighting and especially checkpoint extortion, resulting in higher prices and abuses against individuals.

Especially on the Syrian coast, residents have repeatedly expressed their frustration with the silence/ inaction of local police and security forces over the crimes, kidnappings and looting by pro-regime militias.⁵³

This anger has spread to other regions. In September 2016, the local populations in the areas controlled by the regime of Aleppo, in the west of the country, expressed frustration with government officials because of the increased looting of evacuated houses by pro-regime militias. The militias also looted hundreds of factories and workshops in the Ramouseh industrial district of Aleppo. Faresh al-Shehabi, a member of parliament and President of Aleppo's Chamber of Industrialists, even complained about the incident on his Facebook page.⁵⁴ For his part, the pro-regime imam of Aleppo's al-Abara mosque mentioned the issue in a Friday prayer, explaining that Islamic law prohibited the trade of stolen goods. In response, Ibrahim Ismael, a commander of a pro-regime militia, countered that he considered the stolen goods as "war spoils" for those who defended Aleppo.⁵⁵

⁵³ "Authorities Silent While Lattakia's Elderly a 'Soft Target' for Looters, Murderers", *The Syrian Observer* – http://syrianobserver.com/EN/News/31528/Authorities_Silent_While_Lattakia_Elderly_Soft_Target_for_Looters_Murderers (searched, August 30th, 2016) ; « Kidnapping of Women in Lattakia Sparks Anger of Loyalists », *The Syrian Observer*, http://syrianobserver.com/EN/News/31965/Kidnapping_Women_Lattakia_Sparks_Anger_Lo (searched, November 17th, 2016).

⁵⁴ Shehabi, Fares, Facebook – https://www.facebook.com/fares.shehabi/posts/10205546757183424?__mref=message (searched, September 11th, 2016).

⁵⁵ "Loyalists Outraged by Shabeeha Looting in Regime Held Aleppo", *The Syrian Observer* – http://www.syrianobserver.com/EN/News/31601/Loyalists_Outraged_Shabeeha_Looting_R (searched, September 12th, 2016).

In May 2017, the Syrian government tried to cancel the levies extorted by the checkpoints of the pro-regime forces, army or militia, following the growing protests of traders and carriers, reflecting the exasperation of the population in various regions. Businessmen in Aleppo were increasingly criticising these levies, and truck drivers outside the city of Swayda closed the Damascus-bound highway for two hours to protest the “taxes” imposed by the different checkpoints. In mid-May, Zeid Ali Saleh, head of the Aleppo Military and Security Committee, which groups together all the security branches and regime militias in the city, finally issued an order banning the collection of “fees” by the control posts for merchant trucks.⁵⁶ Several days later, the Damascus Chamber of Industry also imposed a similar ban in the capital.⁵⁷

At the same time, in response to these criticisms, Prime Minister Imad Khamis said he would ban these practices, which has been unsuccessful to this day. The presence of these checkpoints is viewed and perceived as increasingly unjustifiable in large parts of the country that are no longer suffering from the war.

In mid-June 2017 in Aleppo, following a number of crimes committed by militants, which were also publicized in pro-regime media,⁵⁸ the regime cracked down on militias and embarked on a campaign of order and repression. The presidential palace sent General Mohammed Dib Zeitoun, head of state security and one of Assad’s most powerful intelligence chiefs, to put an end to the lawless behaviour of the militias. State Security and Intelligence troops of the Air Force began recruiting and training members of the People’s Committee in the Adhamiya, Akramiya and Seif al-Dawlam neighborhoods, resulting in a few skirmishes. Furthermore, the head of the local Baath party, Fadel al-Najjr, also issued a decree including more restrictive regulation of the Baath militia’s activities.⁵⁹

However, there are still significant challenges to reduce the militia’s power at a national level. According to businessman, Fares al-Shehabi, the intervention of Bashar al-Assad

⁵⁶ “Sa’iqun Yuqati’un Tariq Nubl wa Az-Zahra’ — Halab Ihtijajan ‘ala “al-Atawat”, *Enab Baladi*, <https://www.enabbaladi.net/archives/160118?so=related> (searched, August 30th, 2017) ; “Al-Lajna al-Amniyyah fi Halab Tulghi “at-Tarfiq”... wa Ash-Shehabi: Al-Asad Tadakhkhala”, *Enab Baladi*, <https://www.enabbaladi.net/archives/150756?so=related> (searched, August 30th, 2017) ; “As Anger Grows Government Tries to Rein in Extortion by Regime Militias”, *The Syria Report*, <http://www.syria-report.com/news/economy/anger-grows-government-tries-rein-extortion-regime-militias> (searched, May 24th, 2017).

⁵⁷ “As Anger Grows Government Tries to Rein in Extortion by Regime Militias”, *The Syria Report*, *op. cit.* ; “Sina’iu Dimashq Yutalibuna bi-lgha’ “at-Tarfiiq” wa lqaf at-Tahrib min Turkiya”, *Enab Baladi*, June 30 2017, <https://www.enabbaladi.net/archives/150953>.

⁵⁸ “Tafasil Qatl at-Tifl “Ahmad Jawish” fi Halab”, *Syria Scope*, 2017, <http://www.syria-scope.com/political-news/75289> (searched, July 30th, 2017) ; “Ahali Halab Yutalibuna bi-Dabt al-Ta’addiyat”, *Al-Watan*, <http://alwatan.sy/archives/107730> (searched, September 4th, 2017) ; “Haqiqah Ma Hadatha ma’a al-l’lami Badr Jad’an bi-Hayy Al-Jamiliyyah”, *Akhbar Halab*, September 4 2017, <https://www.nfac-sy.net/news/12493>.

⁵⁹ Lund, Aron, “Aleppo Militias Become Major Test for Assad”, *IRIN*, <https://www.irinnews.org/analysis/2017/06/22/aleppo-militias-become-major-test-assad> (searched, June 23th, 2017).

was necessary twice to give orders to senior security officials.⁶⁰ The main problem is that militia leaders are generally linked to powerful security agencies and prominent military officials, preventing municipal authorities from acting against them, without the support of high-level decision-makers.

On July 6 2017, a protest organized by manufacturers and businessmen took place in the industrial district Shaykh Najjar, denouncing the militias' actions in Aleppo. The protestors accused them of killing civilians and deliberately disrupting the return of water and electricity by maintaining control over services and prices. They also condemned the extortion of money at military checkpoints, including threatening to force workers into military service if they did not pay.⁶¹ Meanwhile, on the road to Aleppo', truckers from the regime-controlled towns Nubl and Zahra, staged another protest against levies on the checkpoints and the violent behavior of the militants. They asked the authorities to remove these checkpoints.⁶²

Aleppo is a test for the rest of the country to prove its ability to guarantee the “stability” of its population, and for Damascus to prove to the international community its ability to control the areas under its control, and thus to move forward on the foreign-funded reconstruction issue.

However, this is only the beginning of a long battle to discipline the paramilitary forces in the country, including local militias such as the National Defence Forces and those controlled by Iran. In 2013, a Syrian official who had already predicted this kind of problem, said that after the crisis, there would be a thousand additional crises, including the militia leaders. At the beginning of the events in 2011, they were people without influence, today they are armed and powerful. He had concluded his interview by saying “how can we ask them to become ordinary civilians again?”⁶³

Throughout 2017, the pro-regime militias were far from under control, and were still spreading chaos and creating insecurity in various areas under the regime's control.⁶⁴ In late August, according to opposition activists, Nusur Homs fighters, a paramilitary group, refused to be inspected while on their way to the town of Homs, opening fire on a police

⁶⁰ “As Anger Grows Government Tries to Rein in Extortion by Regime Militias”, *The Syria Report*, *op. cit.*

⁶¹ “Halab: Tazahurat Tutalib bi-Khuruji Milishiyyat an-Nizam, *Al-Modon*, <http://www.almodon.com/arabworld/2017/7/7/الحواجز-وإزالة-النظام-مليشيات-بخروج-تطالب-مظاهرات-حلب/> (searched, July 8th, 2017).

⁶² Shabaka âkhbar nubl w al-zahrâ` al-rasmîyya, “âsbâb alwaqfa al-îhtijâjîyya wa matâlib al-muhtajîn”, *Facebook*, <https://www.facebook.com/Nubbol.Alzahraa.News/videos/1199800063458563/> (searched, July 30th, 2017).

⁶³ Baker, Aryn, “Syria's Assad May Be Losing Control Over His Deadly Militias”, *Time* – <http://world.time.com/2013/09/11/syrias-assad-may-be-losing-control-over-his-deadly-militias/> (searched, July 20th, 2014).

⁶⁴ “Regime Authorities Fail to Control Chaos Spread by Loyalist Militias”, *The Syrian Observer*, http://syrianobserver.com/EN/News/33141/Regime_Authorities_Fail_Control_Chaos_Spr (searched, August 20th, 2017).

patrol and brutally killing a police officer.⁶⁵ At the beginning of 2018, a medicine student of the University of Aleppo, was severely beaten by a militia commander of the Baath Brigades at the main door of the university. The incident garnered angry reactions, spread on social media by pages of regime supporters in the city, on the subject of violations committed by the militia members in Aleppo against civilians, starting the hashtag #togetheragainstshabiha on social media.⁶⁶

Furthermore, the number of checkpoints managed by militias throughout the country has not generally decreased, on the contrary, this has resulted in increased costs for consumers and producers.

Finally, there are many other security challenges that the regime is struggling to cope with, such as jihadist groups like Hayât Tahrir Ash-Sham (HTS) and the Islamic State (IS). Moreover, following these organisations' loss of control over large areas of territory, there will probably be a shift in strategy, which has already begun, to suicide bombings in civilian areas, which would create even more instability.

2.2 – *The Issue of Businessmen Affiliated with the Regime*

The militias are certainly pose the greatest challenge for the regime to restore “stability” to the country, but they are not the only challenges. The wealthy businessmen linked to the regime, who saw their political and economic power increase throughout the war, also to some extent hinder the return of some reinvestments in the country, and thus the creation of a business environment conducive to reconstruction, The regime's military victors and the increasing control of large areas of Syrian territory have encouraged Damascus to try to win back the investors and the businessmen who had left the country because of the war. Damascus' motives are based on the desire to attract new investment and to increase commercial activity, while manufacturers reduce the need for imports, a crucial aspect as foreign currencies have become much rarer.

In February 2017, Finance Minister Maamoun Hamdan, traveled to Egypt to meet with Syrian businessmen in Egypt (Tajammu 'Rijal Al-A'mal As-Suri Bi-Masr),⁶⁷ many of whom are industrialists. He offered them numerous incentives, such as a reduction in tariffs on production products, an exemption from all machine taxes and sales tax, as well as a

⁶⁵ “ On Duty Police Officer Hospitalized by Loyalist Militants in Hom”, *The Syrian Observer*, http://syrianobserver.com/EN/News/33167/On_Duty_Police_Officer_Hospitalized_Loyalist_M (searched, August 24th, 2017).

⁶⁶ “Aleppo University Student Publicly Attacked by Pro-Assad Militiaman”, *Al Souria Net*, http://syrianobserver.com/EN/News/33663/Aleppo_University_Student_Publicly_Attacked_Pro_Assad_Militiaman (searched, January 3th, 2017).

⁶⁷ “Syrians' Investments Abroad Would Not Prevent Industrialists from Return Home”, *SANA* – <http://sana.sy/en/?p=61368> (searched, September 4th, 2017).

restructuring of all debt to public banks- a law of 2015 invited the investors to restructure their debts on relatively attractive terms.⁶⁸

Maamoun Hamdan had also announced that the government would finance the construction of an 8 MW power plant for the Shaykh Najjar industrial district in Aleppo and would finish the construction work for the reopening of Aleppo's airport (which is still not open for civilian and commercial flights). The investors responded with a list of demands, including a two-year grace period for their debts. They also raised several concerns regarding tariffs and other trade regulations. A week later, a delegation of Syrian investors based in Egypt visited Damascus to meet with various government officials.⁶⁹

The wealthy businessmen linked to the regime have not hesitated to criticise these governmental measures. A week after the minister's visit to Cairo, the newspaper *al-Watan*, owned by Rami Makhlouf, published a comment ("The Egyptian Industrialists", February 26 2017) strongly condemning the fact that investors conditioned their return to Syria on facilities provided by the government, and that they wish to return "only after the liberation of Aleppo."⁷⁰ According to the economic information website *The Syria Report*, this article sought to put pressure on those in the government who want them back. The article also mentioned that they had to repay all their dues, meaning their debt deficits and taxes. This posed an obvious threat to investors with regards to what they should expect if they return.⁷¹

Syrian investors who fled Syria during the war came from a wide variety of backgrounds and operated in a variety of industries, but most had less important links to the regime. Those in Egypt are, for example, mostly industrialists from the textile industry; many of them came from Aleppo, signifying urban Sunni origins; and the origin of their wealth was little related to their relationships with state institutions, but was rather based on their capital investments.⁷² In a 2016 ILO report, the Syrian Center for Political Research stated that up to 90% of industrial enterprises in major conflict areas, such as Aleppo,

⁶⁸ "Despite Launch of Local Car Assembly Plant, Syria Struggles to Attract Back Manufacturers", *The Syria Report*, <http://syria-report.com/news/manufacturing/despite-launch-local-car-assembly-plant-syria-struggles-attract-back-manufacturer> (searched, February 21st, 2017).

⁶⁹ "Finance Minister Meets Delegation of Syrian Industrials Residing in Egypt", *SANA* – <http://sana.sy/en/?p=100509> (searched, February 21st, 2017).

⁷⁰ Hashem, Ali, "As-Sina'iun al-Masriyyun", *Al-Watan*, <http://alwatan.sy/archives/93130> (searched, May 25th, 2017)

⁷¹ "Regime Cronies Resist Government Attempts to Lure Back Investors into Syria", *The Syria Report*, <http://syria-report.com/news/economy/regime-cronies-resist-government-attempts-lure-back-investors-syria> (searched, February 22nd, 2017).

⁷² "Syria Country Report", BTI Project (2016): 15, https://www.bti-project.org/fileadmin/files/BTI/Downloads/Reports/2016/pdf/BTI_2016_Syria.pdf

have closed, while others operate at only 30% of their capacity.⁷³ As a result, Syrian industrialists had few options but to leave.

At the time of this article's writing, there was no sign of a major return of Syrian industrialists, while the Egyptian regime announced in March 2017 its intention to establish an integrated industrial zone and other facilities for Syrian industrialists in Egypt against Damascus' attempts to attract Syrian Egyptian-based industries.⁷⁴ Several other elements have definitely prevented a large scale return of Syrian businessmen in the summer of 2017, but the behaviour of businessmen linked to the regime has not contributed to their desire to return.

As such, Foreign Affairs Minister, Walid Muallem's call in mid-August 2017, for active economic diplomacy to prepare the terrain for a reconstruction phase in the service of national interest and the importance of prioritizing expatriate contributions in the reconstruction process, is rather difficult to attain.⁷⁵

CONCLUSION

The reconstruction issue is already, as we previously saw, strongly present in the plans of the regime and in discussions with foreign actors, but has not yet significantly materialised itself. The needs are immense and the means are lacking on all levels. The first victims of this situation are, of course, civilians who have seen their homes destroyed and/or damaged, rendering them uninhabitable. The reconstruction issue also traverses different dynamics within Syrian society, whether political or socio-economic.

The possible end of war in the near future does not mean an end of problems for the Syrian regime, in fact just the contrary. First of all, there is a lack of capital to finance the reconstruction, but above all Damascus will have to face a series of contradictions and challenges: on one hand, satisfying the interests of the businessmen link to the regime and the militias, on the other, accumulating capital through economic and political stability, while granting its foreign allies major shares in the reconstruction process. Today, these objectives rarely overlap.

⁷³ "Aleppo Lost 90 percent of its Manufacturing Capacity", *The Syria Report*, <http://www.syria-report.com/news/manufacturing/aleppo-lost-90-percent-its-manufacturing-capacity> (searched, March 29th, 2016).

⁷⁴ "Ministry of trade studies launching Syrian industrial zone in Egypt", *Al-Bawaba Egypt*, <http://www.albawabaeg.com/91831> (searched, September 4th, 2017).

⁷⁵ "Expats Should be Urged to Contribute to Syrian Reconstruction: Muallem", *SANA*, http://www.syrianobserver.com/EN/News/33179/Expats_Should_Urged_Contribute_Syrian_Reconstructio_n_Muallem (searched, September 2nd, 2017).

More generally, the policies of the Damascus regime in the socio-economic and political spheres, including reconstruction projects, are likely to reinforce social and regional inequalities throughout the country, exacerbating the development problems that were already present before the 2011 uprising. The absence of independent trade unions and the democratic right of workers to defend their interests will also likely result in numerous exploitation cases, irregularities and poor working conditions in the reconstruction process. The increasing reliance on foreign businessmen and foreign state actors in this process will reinforce these problems.

The regime's resilience in its war against all forms of dissent has been very costly, especially in terms of human lives and destruction, but also politically. In addition to the increasing dependence on foreign states and actors, some features of the patrimonial regime⁷⁶ have been strengthened, while its authority had diminished. Regime-linked businessmen and militias have greatly increased their power, while the regime's clientelist, confessional and tribal characteristics, have been strengthened. Consequentially, the absence of democracy and social justice, which were at the root of the 2011 popular uprising, is still very real and even reinforced.

However, the Syrian political opposition is neither inclusive nor structured, it is unable to call on all working classes and other social actors, even the independent trade unions or farmers' associations, to take advantage of the regime's internal tension. This makes the transformation of nation-wide struggles very difficult, in addition to the general exhaustion of the population after more than seven years of war

The Syrian issue is thus far from being resolved and the question of reconstruction remains open.

⁷⁶ By patrimonial state, we refer to the traditional Weberian definition as an autocratic and hereditary absolute power which can function through a collegiate environment (relatives and friends) and which owns the state: its armed force, dominated by a praetorian guard (a force whose allegiance is to the rulers not the state), the economic means and the administration. The power centers (political, military, and economic) are concentrated to one family and its associates, the Assads. We find other patrimonial assets in the region with different forms, the Gulf monarchies, or previously Gaddafi's Libya. In this situation, the regime's armed forces use all the violence at their disposal to protect their power. At the economic level in this type of regime, we see a type of crony capitalism developing, dominated by a state bourgeoisie. In other words, members and relatives of ruling families often exploit their dominant positions guaranteed by political power in order to accumulate considerable wealth. For more information, see Achcar, Gilbert, *Le Peuple Veut, Le peuple veut, une exploration radicale du soulèvement arabe*, Paris, Actes Sud, 2013.